

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AID-20

IGA-02 NEA-11 EB-11 COME-00 TRSE-00 OMB-01 INT-08

FEA-02 DRC-01 /148 W

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R 240155Z JAN 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 499

INFO DOD

CINCPAC

C O N F I D E N T I A L JAKARTA 0984

E.O. 11652: GDS

TAGS: ENRG, PINT, ID

SUBJ: FAREWELL CALL ON PRESIDENT SUHARTO: HIS COMMENTS
ON RECENT RIOTS; U.S. MILITARY ASSISTANCE; OIL CRISIS,
ISLAMIC MEETING

REFS: A. JAKARTA 0982 B. JAKARTA 0985

CINCPAC FOR POLAD

1. PAYING FAREWELL CALL ON PRESIDENT SUHARTO JANUARY 23, I FOUND HIM UNDETERRED BY RECENT DISORDERS (THOUGH SOBERLY DETERMINED TO AVOID THEIR HAPPENING AGAIN) AND ENTHUSIASTIC ABOUT ACCOMPLISHING DURING THE SECOND FIVE-YEAR PLAN THE MORE EVEN DISTRIBUTION OF FRUITS OF DEVELOPMENT AND RESPONSE TO SOCIAL NEEDS WHICH HE CONCEDED HAD BEEN LARGELY MISSING IN FIRST FIVE-YEAR DEVELOPMENT EFFORT.

2. SUHARTO EXPLAINED AT SOME LENGTH TO ME HIS GOVERNMENT'S DETERMINATION TO SECURE GREATER PARTICIPATION BY PRIBUMI (ETHNIC INDONESIANS) IN BOTH DOMESTIC AND FOREIGN INVESTMENT FIELDS IN WHICH HERETOFORE NON-PRIBUMI (ETHNIC CHINESE) CONFIDENTIAL

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HAVE DOMINATED. HE PLAYED BACK TO ME IN CONSIDERABLE DETAIL

AND EVIDENT ENTHUSIASM ANNOUNCEMENT WHICH FOLLOWED ECONOMIC STABILIZATION COUNCIL MEETING JANUARY 22 OF NEW MEASURES DESIGNED TO REDUCE GAP BETWEEN HAVE'S AND HAVE NOT'S (REFTEL A). SUHARTO'S EMPHASIS WAS, HOWEVER, ALMOST ENTIRELY ON SHIFTING OF SHARES IN DOMESTIC AND JOINT ENTERPRISES TO NATIVE INDONESIANS (HE DID NOT TOUCH ON STATEMENT, REPORTED REFTEL A, OF REVISED BEHAVIORIAL STANDARDS FOR OFFICIALS). REPLYING TO MY QUESTION, HE SAID THIS SHIFT WOULD BE ACCOMPLISHED THROUGH CREDIT FROM GOVERNMENT FINANCIAL INSTITUTIONS FOR ACQUISITION OF SHARES BY PRIBUMI.

3. RECENT DISORDERS. SUHARTO SAID STUDENTS AND OTHERS HAD TAKEN ADVANTAGE OF GOVERNMENT'S LIBERAL EXTENSION OF DEMOCRATIC RIGHTS AND THAT CERTAIN ELEMENTS FOR POLITICAL AND PERSONAL INTERESTS HAD EXPLOITED THESE IN WAY WHICH HAD GIVEN RISE TO RECENT BREAK DOWN OF ORDER IN JAKARTA. THESE RIGHTS WOULD HENCEFORTH BE RESTRICTED AND CAMPUS AND NEWS MEDIA WOULD BE REGULATED IN WAY WHICH WOULD PREVENT THIS HAPPENING AGAIN AND WHICH WOULD PROTECT AND INSURE CONTINUED DEVELOPMENT EFFORT.

4. SUHARTO EXPRESSED HIS APPRECIATION FOR HELP UNITED STATES HAD GIVEN INDONESIA AND FOR MY ROLE IN THIS REGARD. HE LAID SPECIAL EMPHASIS ON VALUE TO INDONESIA OF U.S. MILITARY ASSISTANCE WHICH HE SAID WOULD BE OF CONTINUING GREAT IMPORTANCE TO INDONESIA. HE SAID HE WAS CONVINCED THAT CONTINUATION OF THIS ASSISTANCE WOULD DEPEND ON PRESIDENT NIXON'S OVERCOMING DOMESTIC DIFFICULTIES AND LEGAL RESTRICTIONS ON SUCH ASSISTANCE. HE ASKED ME TO SEND PRESIDENT NIXON HIS SPECIAL REGARDS.

5. OIL CRISIS. WE DISCUSSED AT SOME LENGTH ECONOMIC IMPLICATIONS OF OIL BOYCOTT AND HIGH PRICES WITH SUHARTO AGREEING TO OBSERVATIONS I MADE ON SERIOUS AND POTENTIALLY DAMAGING (FOR ALL CONCERNED) ECONOMIC IMPLICATIONS OF CURRENT SITUATION. I MENTIONED TO SUHARTO THAT I HAD DISCUSSED THIS MATTER BRIEFLY WITH PERTAMINA PRESIDENT DIRECTOR IBNU SUTOWO COUPLE OF DAYS AGO WHO HAD BEEN CRITICAL OF FACT THAT UNITED STATES, RATHER THAN SOMEONE ELSE, HAD PROPOSED CONSUMERS-PRODUCERS MEETING (REFTEL B). I POINTED OUT

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THAT OUR MOVE IN CALLING FOR MEETING HAD BEEN PREDICATED IN

PART ON OUR FEELING THAT NO ONE ELSE WOULD TAKE WHAT SEEMED TO US NECESSARY ACTION. SUHARTO APPEARED TO AGREE.

6. ISLAMIC MEETING AT LAHORE. I ASKED SUHARTO IF HE WOULD ATTEND MEETING OF THE ISLAMIC COUNTRIES IN LAHORE IN FEBRUARY. HE SAID HE WOULD NOT BE GOING BECAUSE INDONESIA

WAS NOT AN ISLAMIC STATE AND, ALTHOUGH THERE WERE MATTERS ON AGENDA IN WHICH INDONESIA WAS INTERESTED SUCH AS ESTABLISHMENT OF ISLAMIC BANK, IT DID NOT APPEAR THAT THERE WAS SUFFICIENT AGREEMENT AMONG OTHER COUNTRIES, ESPECIALLY ARABIC COUNTRIES WHO WOULD BE PRINCIPAL DONORS TO BANK, WHICH WOULD MAKE DECISIVE ACTION POSSIBLE. SUHARTO ALSO REFERRED TO DOMESTIC SITUATION WHICH IMPLIEDLY HE DID NOT FEEL WOULD ALLOW HIS ABSENCE AT THIS TIME.

7. AT THE CONCLUSION OF OUR TALK SUHARTO SAID THAT HE WAS HAPPY THAT THERE WERE NO REAL PROBLEMS IN INDONESIAN/ AMERICAN RELATIONS. HE AGAIN EXPRESSED APPRECIATION FOR AMERICAN HELP TO INDONESIA.
GALBRAITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PUBLIC DEMONSTRATIONS, MILITARY ASSISTANCE, PETROLEUM, SUPPLIES, DIPLOMATIC DISCUSSIONS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974JAKART00984
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740119/aaaaarov.tel
Line Count: 130
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. JAKARTA 0982 B. JAKARTA 0985
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUL 2002 by kelleyw0>; APPROVED <27 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FAREWELL CALL ON PRESIDENT SUHARTO: HIS COMMENTS ON RECENT RIOTS; U.S. MILITARY ASSISTANCE; OIL CRISIS
TAGS: ENRG, PINT, ID
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005